

CLASSIFICATION

CONFIDENTIAL

CONFIDENTIAL

CENTRAL INTELLIGENCE AGENCY

REPORT

50X1-HUM

INFORMATION FROM

FOREIGN DOCUMENTS OR RADIO BROADCASTS

CD NO.

COUNTRY Satellites

DATE OF
INFORMATION 1949

SUBJECT Economic - Five- and Six-Year Plans

HOW
PUBLISHED Quarterly periodical

DATE DIST. 13 Jan 1950

WHERE
PUBLISHED Belgrade

NO. OF PAGES 7

DATE
PUBLISHED Apr 1949SUPPLEMENT TO
REPORT NO.

LANGUAGE Serbo-Croatian

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES WITHIN THE MEANINGS OF ESPIONAGE ACT 50
U. S. C. 31 AND 32. ANY DISCLOSURE OF ITS CONTENTS TO AN UNAUTHORIZED PERSON IS PRO-
HIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Medjunarodni Problemi, Vol I, No 1, 1949.NEW SATELLITE ECONOMIC PLANS

At the end of 1948, Czechoslovakia and Bulgaria issued new Five-Year Plans and Poland a new Six-Year Plan for economic development. The first plans issued by these countries were two-year or three-year and were primarily interested in reconstruction and repairing the ravages of war. The new plans differ in that they stress the strong development of production and deep changes in the economic structure of these countries, with the aim of promoting the socialization of these countries.

Czechoslovakia

The new Czechoslovak Five-Year Plan provides primarily for raising the standard of living; full development of the nation's production facilities, so as to double the national income as compared with the prewar figure; and the technical and economic reorientation of the Czechoslovak economy in accordance with new political conditions.

The total investment provided by the plan is 336.2 billion crowns. Of this sum 263.3 billion, or 78.2 percent, will be spent on production, as follows: 131.9 billion for industry, 47.1 billion for electrification, 52.9 billion for transportation, 43.9 billion for construction, including housing, and 26.8 billion crowns for agriculture. Employment in industry and construction is scheduled to increase by 20 percent, and the ratio of women employed will increase from 27 to 33 percent of the total industrial labor force. Mechanization, rationalization, and incentive rewards for production are expected to increase industrial productivity by 34 percent, and 57 percent in the construction industry.

The rise in the standard of living is shown by the following increases in consumption:

Commodity	Increase Over Prewar (%)	Increase Over Present (%)
Fats	30	140
Sugar	40	15
Cereals	20	30
Textiles	100	100
Shoes	55	58

- 1 -

CLASSIFICATION

CONFIDENTIAL

CONFIDENTIAL

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB															
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FB															

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

Industrial production is slated to increase by 57 percent over 1946. Stress will be on heavy industry, with a parallel restriction of production in certain industries which heretofore have had top priority. These changes are being made to lessen the dependence of Czechoslovak industry on imports of raw materials and exports of manufactured products. The basis of the further development of heavy industry is an increase in fuel production, as shown in the following table (in millions of tons):

<u>Fuel</u>	<u>Maximum Prewar</u>	<u>1947</u>	<u>1948</u>	<u>1953</u>	<u>Increase</u>
					<u>1946- 1953 (%)</u>
Coal	16.8	16.2	17.7	20.8	17.5
Brown coal	22.5	22.4	23.9	32.2	34.7
Coke	-	-	3.9	8.0	105.1
Electric power	-	-	-	-	50

Production in heavy industry is scheduled to increase 200 percent during the Five-Year Plan. The plan calls for the serial production of automobiles (an annual capacity of 50,000 vehicles), trucks, tractors, agricultural machinery, etc. A large increase in production is also planned for the metal products and chemical industries, so as to make Czechoslovakia independent of imports of many products and at the same time to expand its ability to supply the other satellites.

In light industry the stress is on mechanizing and modernizing the textile industry and expanding the food-processing industry so as to increase the production of cheap foods of high caloric value (preserved meat, fruits and vegetables, paste products, etc.) Production will be most restricted in the case of nonessential products of light industry produced chiefly for export.

In agriculture the emphasis will be shifted from crop to livestock production. Meat, milk, butter, and egg production will be increased much more than cereal production. The area planted in fodder crops will be increased correspondingly. Of the agricultural crops produced mainly for export, planting of hops, barley, and sugar beets will be increased. Potato production will also be increased to augment the food supply and increase the production of alcohol, starch, and other by-products, for domestic use and for export.

Agricultural production in 1948 and 1953 is shown in the following table (plantings given in thousands of hectares):

	<u>Plantings</u>		<u>Percent</u>	<u>1953 Yield (in millions of tons)</u>
	<u>1948</u>	<u>1953</u>		
Bread grains	1,516	1,355	-10.7	2.5
Fodder	739	810	9.6	2.7
Potatoes	604	640	5.9	9.7
Sugar beets	186	190	2.1	5.5
Oil seeds	80	77	-3.7	0.69
Hops	8.9	9	11	-
Other fodder	3,300	3,514	6.5	12.2

Stock raising and the production of animal products will be as follows:

<u>Product</u>	<u>In</u>	<u>1948</u>	<u>1953</u>	<u>Increase (%)</u>
Cattle (total)	Thousands	3,446	4,400	28
Dairy cattle	"	1,881	2,350	25
Hogs (total)	"	2,671	4,050	52

- 2 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

(Continued)

Product	In	1948	1953	Increase (%)
Breeding sows	Thousands	554	781	41
Hens	"	13,000	18,500	42
Beef	Thousands of Tons	241	366	74
Pork	" " "	232	498	77
Milk	Millions of hectoliters	22	47	116
Eggs	Millions	920	2,000	114

To increase yields per hectare, a large increase in the use of machinery and artificial fertilizers is planned. By the end of the Five-Year Plan each rural community is scheduled to have three tractors, as compared with one tractor to three communities before the war. During the course of the plan, industry will produce 30,000 tractors, 40,000 binders, 50,000 mowers, 20,000 milking machines, and other machinery, with a total value of 4 billion crowns, for Czechoslovak agriculture. The production of chemical fertilizers will increase, in comparison with 1948, as follows: phosphorus fertilizers 40 percent (731,000 tons were produced in 1948), and nitrogenous 25 percent (222,000 tons were produced in 1948).

In foreign trade, emphasis will be placed on exports of the metal products and chemical industries for which there is an assured market in satellite countries. In 1953 almost half the foreign trade of Czechoslovakia will be with countries with planned economies.

Bulgaria

The Bulgarian Five-Year Plan for 1949-1953 calls for the elimination of technical backwardness and intensive development of production, so that by the end of the period Bulgaria may be an advanced industrial and agricultural country. The stress is primarily upon industrialization and electrification, and secondarily on the collectivization and mechanization of agriculture. Out of a total investment of 425 billion leva, 40 percent, or 170 billion leva, is earmarked for industry, and more than four-fifths of the latter figure for heavy industry and thus for production equipment. Of the remainder of the total investment, 22 percent is earmarked for transportation (93.5 billion leva), 17.5 percent for agriculture (74.3 billion leva) and 11.5 percent for cultural and communal purposes and housing construction (48.9 billion leva). Industrial production is slated to be increased 119 percent over the 1948 level in 1953, while the production of production equipment alone will increase by more than three times. During this period several enterprises for producing machine tools several for producing construction machinery, and three large factories for manufacturing 15 kinds of complex agricultural machines other than tractors are scheduled to be built. Factories for manufacturing nitrogenous and other chemical fertilizers, caustic and calcined soda, sulfuric and hydrochloric acid, synthetic rubber, and carbide are to be built.

The development of heavy industry will require great increases in fuel supplies and in ore and metal production. Coal production in 1953, is to be 3 times greater than in 1939. The production of ores is to be increased 21 times, and electric power production seven times. The production of raw iron, steel, certain kinds of nonferrous metals, coke, etc., will be increased two to three or more times. This increase is only relative, since, regarded absolutely, Bulgaria will be dependent upon imports from the satellite countries for 75 percent of its ferrous and nonferrous metals.

- 3 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

The development of light industry will be restricted entirely to reorganization, modernization, and rationalization. By such means production can be increased enough to meet domestic demand and to leave enough over for export. Every branch of Bulgarian light industry must double or triple its production during the Five-Year Plan. The greatest changes will be made in the food-processing industry, which is to improve the quality of its product for export and also for the domestic market. The textile industry must increase production sufficiently to meet all the needs of the Bulgarian people.

At the end of the Five-Year Plan, the ratio of agriculture to industry is to be 45:55, as compared with 30:70 at present. The ratio of light to heavy industry is to be changed from the present 74:26 to 55:45. Capitalistic elements and private ownership are to be entirely eliminated from the urban economy (industry, commerce, and transportation) by 1953, and the handicrafts will be organized into production-labor cooperatives.

The plan calls for the mass collectivization of agriculture and the adoption of scientific methods and mechanization. Rural capitalistic elements will first be restricted and later eliminated. Agricultural production in 1953 will be 60 percent greater than in 1939, so as to produce 78 percent greater deliveries of industrial plants, 142 percent more livestock than in 1948, and 20 percent more grain than in 1939. This increase will improve the standard of living, increase exports, and assure necessary reserves.

By the end of 1953, agricultural cooperatives will provide 60 percent of all agricultural production. There will be 150 machine-tractor stations, with 10,000 tractors, 100 combines, and 27,000 other agricultural machines.

The Ministry of Foreign Trade will centrally control all imports and exports. The basic task will be to procure high-quality agricultural and industrial products for export. Particular attention will be paid to the food-processing industry.

Poland

The Polish Six-Year Plan runs from 1950 to 1955. Its basic goal is to build the foundations for a socialist economy, with particular emphasis on increasing the production of production facilities, restricting capitalistic elements, a voluntary change from a handicrafts to a socialistic economy, and improving the standard of living and cultural level of the workers.

By the end of the 6 years, Polish industrial production will be three times greater than before the war, and four times greater per capita.

The production of electric power in 1955 will be two times greater than in 1949.

The greatest and most rapid increase will be in basic production facilities other than coal. As coal production will be very high at the end of the Three-Year Plan, a further increase of only 22 to 28 percent is planned. In 1955, Polish coal production will be equal to that in the US in 1937.

Steel production in the past has been 2½ times less per capita than in Czechoslovakia. This deficiency will be eliminated by the expansion of existing smelters and by opening part of a large new smelter with a capacity of 1.5 million tons, which is a little less than the present total Polish steel production capacity. During the Six-Year Plan another large smelter is to be begun in eastern Poland. By 1955, the metal products and machinery industry will be 210 percent of the 1949 figure. The production of machine tools will be 20 times greater.

- 4 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

Because of the very favorable raw material situation, the chemical industry will increase its production by 200 or 300 percent and will take second place in the hierarchy of Polish industry, immediately after coal.

The production of artificial fertilizers will be $3\frac{1}{2}$ times greater than in 1949 and five times greater than in 1937. By 1955, 10,000 to 12,000 tractors per year or five to six times more than in 1949 are to be produced. Production of complicated agricultural machinery will be greatly increased. In 1955, Poland will be producing about 15,000 passenger automobiles per year.

In light industry, the production of cotton cloth will increase 50 percent, wooleens 30 percent, linen 100 percent, shoes $2\frac{1}{2}$ times, and sugar 25 percent over the 1949 figure. Special attention is being paid to the development of small industry.

The new plan will abolish discrimination against individual areas. At present 71.5 percent of all Polish industry is concentrated in three wojewodstwas, which cover only 20 percent of Polish territory, while three others, Olaszyn, Bialystok, and Lublin, with 22 percent of the territory, have only 1.7 percent of the industry. Therefore, the new enterprises will be built primarily in the east and south. Two-thirds of the new workers to be employed during the 6-year period will be from industrially backward areas.

According to the plan, the development of agriculture will keep pace with the growth of the city population and with increasing urban and rural consumption. Agricultural production is slated to increase by 35 to 45 percent during the Plan, as compared with 85 to 95 percent in industry. This will be achieved through the large-scale manufacture of machinery and synthetic fertilizers, publicizing modern scientific procedures and rationalization of labor, model state farms, aid to the small and middle peasants through machinery stations, and the gradual, systematic, and voluntary formation of producer cooperatives.

The standard of living is to be 55 to 60 percent higher in 1955 than in 1949, or twice greater than before the war.

Hungary

The Hungarian Three-Year Plan, to end in 1950, calls for increasing the capacity of heavy industry and electric power production. The plan calls for technical advances in agriculture, as well as greater production, and for promoting extensive and intensive farming through expanding the machine-tractor stations and rural electrification.

During the first year of the plan, industrial production reached 104.5 percent of the planned figure, or 93.5 percent of the 1938 level. The best results were achieved in the metallurgical industry, with an index of 127, as compared with 121.8 for the machinery industry and 117.1 for electric power production. The average monthly production of typical branches is shown in the following table:

	<u>Planned 1949/50</u>	<u>Output Jan-Jul 48</u>
Pig iron (thousands of tons)	95	29.5
Aluminum (thousands of tons)	1.0	0.69
Machines (total)	175	130
Locomotives	15	15
Trucks	83	60

- 5 -

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

50X1-HUM

In all other branches of industry the planned figures were exceeded, except for slightly low figures in the textile and tailoring industry, as a result of insufficient imports of raw materials, and in the food industry, as the result of the catastrophic drought.

The investment plan for the year also was substantially exceeded, as shown below (in millions of forints):

	Planned 1947/48	Output	Planned 1948/49
Total	1,796.3	2,491.1	2,185
Agriculture	579.7	688	651
Industry and mining	554	792	599
Transportation	427.3	545.4	560
Culture and education	235.3	463.7	375

The planned investment for 1948-49 is seen to be 13 percent behind actual fulfillment during the first year of the plan, which in turn was 38.9 percent greater than the planned investment for that year.

In 1948 there were 100 machine-tractor stations in operation in Hungary. In 1949 the number is slated to reach 300, and the tractor inventory is to be over 2,000.

The plan emphasizes foreign trade, for Hungary is very dependent on foreign raw materials, especially iron ore, coke, and many nonferrous metals. Like all the other satellites, Hungary must also import cotton, wool, jute, leather, and rubber. Annual imports worth about 2 billion forints are scheduled. In 1947-48, the first year of the plan, imports reached a value of 1,891 million forints, and exports a value of 1,411, as compared with planned figures of 2,117 and 2,700 forints respectively. Over 80 percent of Hungarian imports were raw materials or semifinished goods, and almost three-fifths of Hungarian exports were manufactured products of agriculture or industry.

Rumania

Rumania is the only people's democracy that has no long-term economic plan. Until 1949 it had year programs based on quarterly plans. In 1949 it issued a one-year economic plan calling for an investment of 82 billion lei, or 3.7 times more than the 22 billion lei planned for 1947. The investment total for 1949 is to be allocated as follows: heavy industry and mining 36.8 percent, light industry 10.4 percent, transportation and telecommunications 21.2 percent, agriculture and forestry 9.4 percent, social and cultural purposes 11.2 percent, etc.

In the 1949 plan, the emphasis is on heavy industry, mining, and electric power, and consequently on the production of production facilities.

Total industrial production is scheduled to be 40 percent greater in 1949 than in 1948. The index for the various branches of industry in 1949 is as follows: petroleum 113.7, coal 115, raw iron 135, steel 116, rolled metals 130, equipment for the petroleum industry 232, tractors 138, agricultural machinery 240, chemical industry 130 to 600 depending on the product, and textile industry 111 to 128 depending on the product.

The plan for agriculture calls for an increase in the net of machine-tractor stations, and the establishment of state farms and producer cooperatives. Both industrial and agricultural production are scheduled to increase by 40 percent in 1949.

- 6 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

An 87-percent increase over 1948 in exports and a 36-percent increase in imports is scheduled for 1949.

The standard of living is scheduled to improve at the rate of a 70-percent increase in bread consumption, 129 percent in sugar consumption, 300 percent in paste products consumption, and 110 percent in meat consumption.

- E N D -

- 7 -

CONFIDENTIAL

CONFIDENTIAL